

Buckeye Plans VLCC-Capable Oil Terminal at Corpus Christi



The VLCC Anne prepares to berth at Occidental Petroleum's Ingleside terminal, 2017 (Port of Corpus Christi)

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Buckeye Partners, Phillips 66 and Andeavor are teaming up on a giant crude storage and loading terminal in Ingleside, Texas, near the entrance to Corpus Christi Bay. It would be the second U.S. Gulf Coast facility capable of fully loading a very large crude carrier (VLCC), after the Louisiana Offshore Oil Port (LOOP). VLCCs would offer oil traders a lower unit cost per mile than loadings on the smaller tankers that currently call at Port of Corpus Christi.

The new terminal will be constructed and operated by Buckeye, which will own the largest stake in the project. Its initial scope of construction will have 3.4 million barrels of crude oil storage capacity, a connection to the new the Gray Oak pipeline and two deep-water berths capable of handling VLCCs. Buckeye says that it has room to expand to up to 10 million barrels of storage and multiple additional docks and inbound pipelines. Buckeye will have a 50 percent interest in the project, with 25 percent each for Phillips 66 and Andover.

Buckeye already has a marine terminal for crude oil on the Port of Corpus Christi's ship channel, and it has been investing at upgrades at the existing facility as well. Buckeye EVP Khalid Muslih said that the new location would strengthen the firm's presence in the export market for the booming Permian and Eagle Ford shale plays.

"This combined marine terminal presence in Corpus Christi will provide our customers with advantaged last mile solutions, including unmatched connectivity to two recently announced Permian Basin pipeline expansions. We believe that these assets represent a competitive advantage for Buckeye and position us at the forefront of the fast-growing U.S. crude oil export movement," said Mr. Muslih.

Without naming Buckeye, Port of Corpus Christi CEO Sean Strawbridge told local media that the port may develop a 250-acre parcel at Harbor Island for a facility for loading VLCCs to full capacity. He said that the site's proximity to deep water would be an advantage, and suggested that to accommodate the giant ships, its development would involve dredging a short section of channel to fully 75 feet of depth. If permitting goes smoothly, the facility could be complete in 2020-2021.